

Insurance Tips

Viatical Settlements

Viatical settlements have been around for a number of years but consumers are starting to hear more about them. A viatical settlement is the sale of a life insurance policy to a third party.

The owner of the policy sells it for a cash payment that is less than the full amount of the death benefit. The buyer becomes the new owner and/or beneficiary, pays all future premiums and collects the full amount of the death benefit when the insured dies.

This may or may not be a good deal for you. Before entering into any viatical settlement transaction, contact your life insurer to learn about other possible options under your policy, such as accelerated benefits. Also ask if your policy has a cash value.

Contact your financial adviser. Ask about tax and other financial consequences. Find out what impact this would have on any debts you have, as well as any public assistance benefits.

Contact the Kentucky Department of Insurance and ask for a copy of the [Consumer Guide to Understanding Viaticals](#). You can look at the guide online at the DOI Web site on the Free Publications page. Do not make any decisions until you are certain you understand all aspects of viatical settlements.

Please call the Kentucky Department of Insurance at 1-800-595-6053 with your insurance questions or complaints. The TTY line for the deaf or hard-of-hearing is 1-800-462-2081. You may file a complaint online at https://doi.ppr.ky.gov/Kentucky/secured/consumer/complaint.asp
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